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**United Nations Relief and Works Agency for Palestine
Refugees in the Near East**

Report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

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Summary

The present report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East provides a description of the activities of the Group in 2014 and a detailed outline of the current financial situation of the Agency. The Working Group unanimously adopted the report at its meeting on 18 September 2014. As in previous reports of the Group, the present report closes with a number of concluding remarks addressed to all Member States.



I. Introduction

1. The Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established by the General Assembly under resolution 2656 (XXV) to study all aspects of the financing of the Agency. In that resolution, the Assembly requested the Working Group to assist the Secretary-General and the Commissioner-General of UNRWA in reaching solutions to the problems posed by the Agency's financial crisis. UNRWA was established under Assembly resolution 302 (IV), and its mandate was renewed most recently by the Assembly in resolution 68/76.
2. The Working Group consists of the representatives of France, Ghana, Japan, Lebanon, Norway, Trinidad and Tobago, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The Working Group is currently chaired by Y. Halit Çevik of Turkey.
3. At its twenty-fifth session and all those that followed, the General Assembly considered the reports submitted to it by the Working Group (in 2013, A/68/388) and adopted resolutions taking note with appreciation of the efforts of the Working Group (resolution 68/78).

II. Activities of the Working Group in 2014

4. The first regular session of the Working Group was convened on 30 June 2014. The Working Group then met at the expert level at its second to fifth sessions, on 15 July, 20 August and 5 and 10 September, and agreed upon and adopted the present report on 18 September. The Director of the UNRWA Representative Office in New York provided updates on the Agency's grave financial situation and the situation in the UNRWA fields of operation.

III. Financial situation of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

5. The Agency's cash and in-kind portions of the General Fund for the biennium 2014-2015 amount to \$1,475.4 million, of which the cash component for its programme requirements is \$729.3 million for 2014 and \$741.5 million for 2015. In addition, the programme budget for 2014 and 2015 includes in-kind assistance amounting to \$2.3 million for each year in the biennium. The cash budget of \$729.3 million for 2014 includes funding of \$29.9 million from United Nations assessed contributions to cover the cost of 150 international posts funded from the regular budget for the biennium 2014-2015. As at the end of August 2014, the forecast end-of-year cash position for the Agency's General Fund was a deficit of \$55.9 million. With great concern, the Working Group notes that, with the aforementioned expected cash deficit, the Agency is likely to be unable to meet its financial obligations by the end of October 2014.
6. The Agency provided details to the Working Group on the extent and nature of the funding crisis that it is facing and on the continuing efforts that it was making to address the issue, including the implementation of its 2012-2015 resource mobilization strategy, the preparation of its 2016-2021 medium-term strategy,

ongoing reforms and austerity measures put in place. The Working Group appreciates the efforts made by UNRWA, and urges the Agency to continue taking steps to mitigate its chronic budget shortfalls. UNRWA expressed its deep gratitude to its donors for their generous contributions, in particular given the financial crisis worldwide. In 2013, donors came forward with substantial contributions which allowed UNRWA to close its financial gap. UNRWA was able to fully pay December 2013 salaries due to receipt of an additional €10 million from the European Union and advance funding of programme support costs of \$6.5 million, in addition to austerity measures put in place. Approximately 80 per cent of the Agency's General Fund expenditure relates to staff costs; these are, in effect, service delivery costs, which consist mainly of the salaries of its teachers, doctors, nurses and social workers, which tend to increase as the refugee population grows each year. These costs have increased in response to growing needs in a growing refugee population. Other increasing cost factors, including salary adjustments comparable to those granted in the public sector in the host countries in which UNRWA operates, have made it difficult to reduce spending to meet short-term cash-flow requirements and the medium-term funding shortfall. The austerity measures UNRWA initiated in 2012 are still in place in 2014, in view of the continuing funding shortfalls. As in 2013, the Agency has been warned that many of its traditional donors will not be able to step in to fund the forecast deficit owing to their own budget constraints. This is of great concern to UNRWA, given that it relies almost entirely on voluntary contributions to fulfil its mandate and meet the basic needs of a growing and increasingly marginalized Palestine refugee population, now numbering 5.1 million registered with the Agency. Higher and more predictable income remains essential to enable the Agency to continue providing services. Increased funding is required, especially during the first quarter of the year, when the inflow of donor contributions is traditionally low, while the Agency's costs are structurally high and fixed. The Agency has renewed its appeals to donors to make additional efforts to fully fund the General Fund budget, recalling that UNRWA represents the principal source of basic services for the Palestine refugee population. The Working Group noted that although financial and budgetary challenges are felt across the United Nations system, the continuing commitment of the international community to the Palestine refugees remains essential in the absence of a just and durable solution to their plight and in the light of the continuing conflicts and rising instability in the region, which have had devastating economic and social effects.

7. The Agency informed the Working Group that the lack of funding undermined the quality of UNRWA services. It also jeopardized the ability of the Agency to fully implement the major management reforms begun in 2006 and subsequent programme reforms, in particular in the areas of health, education and social services. Building on these basic management reform and strategic planning measures, the focus of the reform efforts over the coming years has become programmatic. The Agency's current education reforms seek to improve the capacity of teachers to deliver high-quality education to refugee children, and to ensure that refugee children acquire the knowledge and skills that they need to lead more secure and productive lives. To improve the effectiveness of UNRWA primary care, and in response to emerging challenges such as the growing prevalence of non-communicable diseases, UNRWA adopted in 2011 a health reform package based on a "family health team" approach. The family health team model provides comprehensive and holistic primary health care for the entire family, emphasizing long-term provider-patient/family relationships. The package of health reforms is

helping to contain the growth in some health costs by improving the effectiveness of primary care and, as a result, reducing costly referrals for hospital treatment and by lowering the quantity of drug prescriptions. UNRWA is also taking forward-looking steps in order to address poverty among Palestine refugees. The Relief and Social Services Department is developing a poverty alleviation approach based on voluntarism, youth mobilization and greater involvement of the community in efforts to combat poverty. At the meetings of the Advisory Commission of UNRWA in 2013, host and donor countries expressed appreciation for UNRWA efforts and progress in the reform areas and concern about the negative impact of the deficit on the services delivered to Palestine refugees. Members of the Advisory Commission also appreciated the UNRWA commitment to formulating a medium-term strategy that is designed with the intent to ensure the continued effectiveness and sustainability of the Agency.

8. The Agency informed the Working Group of the fundraising challenges that it is facing, which included the need to: (a) increase the funds received from existing donors in order to maintain the requisite services provided under the Agency's General Fund, while simultaneously expanding the donor base and increasing funding to projects and emergency appeals, including through partnerships with the private sector and foundations; (b) restore the financial health of the Agency by ensuring predictable and sustainable funding at appropriate levels; (c) re-establish an adequate working capital reserve; (d) communicate more strategically with external stakeholders through the development of a stronger single corporate identity and make use of innovative technology; and (e) reorganize resource mobilization and strategic communications structures, so as to seize opportunities more systematically and conduct outreach and appeals for support for the Agency more proactively and creatively.

9. UNRWA updated the Working Group on some of the steps that it is taking to improve its strategic approach to resource mobilization in line with resolution 65/272, in which the General Assembly urged the Commissioner-General to continue the efforts to sustain and increase support of traditional donors and to enhance income from non-traditional donors. Seeking to enhance its partnership capacity with a range of governmental, non-governmental and private-sector actors, in line with current global United Nations practices, the Agency continues to develop its partnership unit based in the External Relations and Communications Department and to implement its resource mobilization strategy for the period 2012-2015. As part of the strategy, the Agency has put in place action plans for emerging markets, as well as individual philanthropists and other private partners, with a view to broadening the donor base further. This has resulted in increased contributions from emerging markets, with generous contributions from Brazil, India, Malaysia and the Russian Federation, among others; Arab partners, in particular Kuwait and Saudi Arabia; and the private sector. Several donors, for economic or other reasons, were unable to renew multi-year agreements with UNRWA, although most were able to maintain their funding levels. The Agency's largest donors remain the United States and the European Union and its Member States.

10. Given its cost structure, unpredictable funding environment and reliance on voluntary contributions, UNRWA estimates that, to be in line with common best practices in the public and private sectors, it would be prudent to maintain the equivalent of at least three months' cash requirement as an adequate working capital

balance. As at the end of December 2013, the UNRWA General Fund cash balance was \$2.9 million, with a monthly cash outflow of \$55 million (comprising \$45 million in staff costs and \$10 million in non-staff costs). In effect, this means that UNRWA now has no working capital. An injection of some \$165 million in working capital would be required to create a minimum safety cushion for the Agency's finances. The UNRWA operating cash deficiency is recurrent in nature and has worsened over the recent years, as costs have risen faster than the rate of growth in traditional donor income. The relative deficiency in necessary cash to meet operating requirements has manifested itself in various ways: (a) in 2010 UNRWA had an average cash balance of about \$80 million; now UNRWA has virtually no working capital; (b) each year over the past three years UNRWA has had to temporarily suspend creditor payments owing to a shortage of cash; at the end of 2013, \$22.5 million of creditor payments were suspended to be paid in early 2014; and (c) each year over the past four years UNRWA has had to source an advance from the following year's pledged income to effect payments (salaries) late in the year.

11. The capital requirements of UNRWA programmes, in addition to expenditure relating to environmental health improvements and shelter rehabilitation, are contained mainly in the Agency's project budget. These requirements include construction and expansion of schools, health centres, water and sanitation facilities and camp improvement activities in general. The project budget for the biennium 2014-15 is \$485.9 million; for 2014 the projects budget is \$247.4 million, of which \$39.4 million had been pledged by donors as at the end of August 2014. Funds received amount to \$24 million, leaving a deficit of \$208 million in terms of pledges and \$223.4 million in terms of contributions received. The Working Group is concerned about the inadequacy of project funding in view of the Agency's urgent need to construct new facilities and upgrade existing ones that would enable it to meet the needs of a growing refugee population, arrest the deterioration of old installations and deliver high-quality services to Palestine refugees.

12. The Agency expressed its concerns to the Working Group regarding the unfunded provision of severance payments, audited at \$491.7 million as at 31 December 2013 (an increase of \$28.7 million compared with \$463.0 million as at 31 December 2012) on the basis of the current costs and UNRWA Staff Regulations and Rules. If UNRWA in the future is required to show greater flexibility in the efficient use of staff, an immediate requirement will be the availability of sufficient funds to effect severance payments. UNRWA, in the context of resolution 65/272, which pertains to the strengthening of its management capacity, thus wishes to bring to the attention of the General Assembly the need to identify potential sources of funding that could be made available to finance UNRWA severance payments, on a standby basis and if required.

13. As at 31 December 2013, the total amount of value-added tax due to the Agency regarding services and goods procured for the West Bank and Gaza stood at some \$94.7 million, the largest amount ever owed by the Palestinian Authority to the Agency. In late 2013, following discussions with relevant Palestinian authorities, UNRWA obtained an exemption of value added tax on services and goods procured, provided specific conditions are met. Since then virtually all new contracts from December 2013 have been exempt from value added tax. As at the end of August 2014, VAT paid in the West Bank and Gaza was 60 per cent below that paid a year earlier, owing entirely to the run-down of legacy commercial contracts.

14. The Working Group was also informed that the Agency continued to be concerned about UNRWA extra staffing, transit and logistical costs resulting from Israeli security procedures in Gaza, which amounted to over \$6.7 million in 2013. This is equivalent to the cost of building four UNRWA schools in Gaza or distributing food to over 800,000 beneficiaries for over a month. Additional costs are caused by inflation (as projects are delayed, prices increase and thus UNRWA is required to either downscale a project or request additional funding from a donor), and the continued payment of transitional shelter cash assistance by the Agency to those awaiting a new shelter. After discovering a tunnel entering its borders from Gaza in October 2013, the Government of Israel imposed additional security procedures — such as the daily monitoring of cement factories in Gaza by international staff — which will further increase the financial burden on the Agency throughout 2014. The monitoring requirement of daily cement factory visits necessitated the hiring of an international engineer to oversee and ensure the integrity of the transportation of the cement, in order to continue its construction programme in the Gaza Strip. Israel continued also to impose transit charges on shipments entering the Gaza Strip, obliging UNRWA to pay \$199,942 in 2013. In the Agency's view, the charges are a direct tax from which it ought to be exempt under the Convention on the Privileges and Immunities of the United Nations of 1946. Furthermore, for substantial periods, the throughput of goods was not consistent with the obligations of Israel under the Comay-Michelmores agreement of 1967 and its obligations under international humanitarian law. In this regard, the Working Group calls upon all parties concerned to facilitate the mission of UNRWA to provide humanitarian assistance to the Palestine refugee population and to minimize the cost of providing such services.

15. Following the military escalation in Gaza, on 8 July 2014, UNRWA declared an emergency in all five areas of the Gaza Strip. To respond to the urgent and pressing humanitarian needs of the people of Gaza UNRWA launched an emergency flash appeal for \$295.4 million to provide emergency assistance to 500,000 people through its shelters and through health and social service facilities available to those not taking refuge in UNRWA shelters. The Working Group takes note that the devastating conflict will have severe implications for the future work of UNRWA in Gaza and that the Agency will need enhanced support from donors, as Gaza recovers from the conflict.

16. Since 2010, Israel has permitted construction materials to enter the Gaza Strip for approved UNRWA projects. To obtain approval, UNRWA must submit detailed construction proposals, including design and bill of quantity, to the Coordinator of Government Activities in the Territories. The Working Group takes note that, as at 10 September 2014, the access regime in place prior to the summer 2014 hostilities remained unchanged. In October 2013, as a result of the discovery of the tunnel entering its borders from the adjoining territory with Gaza, the Government of Israel stopped the importation of construction material, affecting 30 ongoing UNRWA construction projects, worth a total of \$115 million. The Working Group takes note that as at 10 September 2014, 27 of the aforementioned 30 projects had received clearance to resume. UNRWA is still awaiting clearance to resume the remaining three projects previously approved, which are funded by the Islamic Development Bank/Kuwait, Italy and Germany. In addition, since March 2013, only one new project has been approved by the Coordinator of Government Activities in the Territories: a housing project that will allow UNRWA to construct 285 new housing

units for refugees in Rafah. Approval remains pending for an additional 37 new projects, worth a total of \$94.5 million, which have been submitted to the Coordinator (30 projects submitted for approval in 2012, 6 in 2013 and the remaining 1 in 2014). Twenty-three of these projects are to reconstruct larger schools on the same site as existing schools, all of which were submitted in November 2012. The construction of the larger schools is essential to reduce the current load on UNRWA schools, 90 per cent of which are operating on "double shifts". It would also offer employment opportunities for thousands of unemployed Gazans. The Working Group notes that UNRWA priorities regarding pending construction projects will have to be reviewed in the light of the massive destruction in Gaza, a result of the summer 2014 hostilities.

17. The Working Group reiterates its concern about the lack of progress in lifting the remaining restrictions, and urges Israel to expedite its efforts to ease restrictions, increase the amount of goods entering Gaza and authorize exports from Gaza to the outside world. The Working Group once again stresses that progress is needed to address the overall economic and humanitarian situation in Gaza and underscores the importance of the full implementation of Security Council resolutions 1850 (2008) and 1860 (2009). The Working Group takes note of the annual Socio-Economic and Food Security report, which shows that food insecurity in Gaza remained at a very high 57 per cent in 2013. Food insecurity is driven by high rates of poverty resulting from unemployment; food is available on the market but is not accessible for the vast majority of the impoverished population. Prior to the recent hostilities, more than 800,000 Palestine refugees relied on quarterly food aid from UNRWA. The beneficiary number is expected to increase further in 2014. The Working Group recognizes the vital role played by UNRWA in providing humanitarian and development assistance in Gaza. Emphasizing the need to ensure the sustained and regular flow of goods and people through the Gaza crossings and the unimpeded provision and distribution of humanitarian assistance throughout Gaza, the Working Group highlights that import and export restrictions increase poverty, render the population ever more reliant on the services of the Agency and add to the burden on its already strained resources and capacity.

18. UNRWA informed the Working Group that Palestine refugees continued to suffer from the effects of the policies and practices of the Government of Israel in the West Bank. Access and movement restrictions imposed by the Government of Israel continue to limit the movement of people, goods and services. This state of affairs has not only hampered economic development, but has also contributed directly to high rates of unemployment and food insecurity for refugees. Furthermore, the number of forcibly displaced families suffering from house demolitions or Israeli settler violence remains high, especially in Area C. In 2014, as at 18 August, settler violence had increased 13 per cent over the same period of 2013. In the first eight months of 2014, there were 469 incidents relating to settler activity. In 2013, 34 per cent of those displaced by administrative demolitions were Palestine refugees, compared with a rate of 41 per cent in 2012. During the period from January to August 2014, at least 827 Palestinians were displaced, of whom at least 257 were registered refugees. Settlement expansion plans, including east of Jerusalem, have caused grave concern for the Palestine refugee community, including for some 2,300 Bedouin Palestine refugees who are at risk of further displacement.

19. In the West Bank, UNRWA staffing and operational costs continue to rise. Of particular concern is the increasing cost of hospitalization, which rose by 111 per cent between 2007 and 2013 (\$3.5 million to \$7.4 million). In 2013, the UNRWA West Bank field office completed its Emergency Appeal Transition, in which non-critical humanitarian activities were cut. This resulted in the non-renewal of some 115 employment contracts. Humanitarian funding has decreased from approximately \$40 million in 2013 to \$23 million in 2014. This has meant that cash-for-work opportunities through the job creation programme are being implemented only to the benefit of Palestine refugees residing in camps. In collaboration with the World Food Programme, the UNRWA West Bank field office has developed a food voucher system to support food insecure refugees outside of camps. If this change had not been implemented, the funding for the cash-for-work programme would have been exhausted by July. Given the substantial changes to the emergency appeal through the transition and the reform of the cash-for-work programme in the past two years and the reaction of beneficiaries to the perceived reduction in services, it is critical that adequate funding is available for 2015. Further cuts would impact the scale of food security programming (the number of food insecure household receiving no assistance would rise) and critical services such as mobile health clinics would need to be reviewed. The West Bank Crisis Intervention Unit, which provides financial subsidies and psychosocial support to Palestine refugees affected by Area C demolitions, settler violence or damage by Israeli security forces, has faced funding uncertainty in 2014.

20. The Working Group noted that, in March 2014, UNRWA launched an emergency appeal for \$300 million, of which 85 per cent would cover activities in the Gaza Strip and 15 per cent would cover activities in the West Bank. To sustain the most critical emergency operations in Gaza, UNRWA requires at least \$118 million, the majority of which is needed for food aid. As at 31 August 2014, UNRWA had received pledges totalling only \$111.1 (37 per cent of the emergency appeal target). In the light of this critical funding situation, UNRWA has been forced to make difficult choices and implement significant cuts in the emergency programme. Since September 2013, UNRWA has suspended the school feeding programme, which provided one meal per day to the nearly quarter of a million UNRWA students in Gaza. An important psycho-social programme for children has also been cancelled. These programmes will not resume if the funding shortfall is not covered and food assistance for the remainder of the 2014 programme will not likely be sustained. Over the past few months, beneficiaries and refugee popular committees have held frequent demonstrations outside UNRWA Relief and Social Services Offices in protest against the implementation of the poverty survey results, which were perceived as a cut in assistance by the Agency. Some offices, in addition to protests and sit-ins, have been vandalized with anti-UNRWA graffiti. Demonstrations in April 2013 in Gaza in response to ending a small cash subsidy programme led to significant unrest, incursions into the UNRWA compound and the closure of various installations. A stoppage of food aid for funding reasons would seriously undermine the UNRWA poverty policy and could lead to popular unrest.

21. The catastrophic conflict in the Syrian Arab Republic has exacerbated the refugees' vulnerability and threatens to unravel the fabric of the Palestine refugee community there. UNRWA explained to the Working Group that, since December 2012, all 12 Palestine refugee camps in the Syrian Arab Republic had been deeply affected by the conflict or its consequences. As at September 2014, over 270,000

Palestine refugees are displaced within the Syrian Arab Republic, and a recent survey revealed that over 54,000 refugee homes have been destroyed or damaged. Some 63,000 Palestine refugees are in hard-to-reach areas, including 18,000 in Yarmouk to whom UNRWA has had only limited access since July 2013. Coping mechanisms almost entirely consist of staying with host families in safer camps and gatherings, compounding existing vulnerabilities. The Agency stated that the point had been reached at which it needed to assist the entire Palestine refugee population from the Syrian Arab Republic of 540,000 persons. UNRWA has continued its programme of humanitarian assistance in the Syrian Arab Republic through its 18 international and 3,962 area staff. Area staff are the backbone of the UNRWA response and work at great personal risk. As at September 2014, 13 had been killed and 28 were detained or missing. UNRWA operations in the Syrian Arab Republic provide a critical programme of humanitarian assistance to Palestine refugees, whose options for refuge and relief are limited both within and outside the country. Some 42,000 Palestine refugees from the Syrian Arab Republic have fled to Lebanon, although increased border restrictions have now severely restricted the entry of Palestinians from the Syrian Arab Republic into Lebanon. Some 14,348 have approached UNRWA in Jordan, where the Government maintains a policy of denying entry to Palestinians fleeing the Syrian Arab Republic. The Working Group notes the Security Council presidential statement of 2 October 2013 (S/PRST/2013/15), and calls upon neighbouring countries to maintain open borders for Palestine refugees fleeing the Syrian Arab Republic and thanked those countries that are doing so. It also calls upon all parties to the conflict to respect and maintain the security, neutrality and civilian character of the camps for Palestine refugees in the Syrian Arab Republic.

22. In December 2013, UNRWA launched the Syria Regional Crisis Plan for the amount of \$417.4 million, as part of the overall United Nations appeal. The plan covered the requirements for activities in the Syrian Arab Republic, Jordan and Lebanon from January to December 2014. Of the total budget for 2014, \$310 million was for programmes inside the Syrian Arab Republic, \$90.4 million in Lebanon, \$14.6 million in Jordan and \$2.4 million for regional management and emergency response outside the above-mentioned three fields of operations. As at 10 September 2014, against the total 2014 budget requirements, UNRWA had received pledges in the amount of \$147.8 million, 44 per cent of the total, of which \$130.4 million had been spent. The lack of funding is raising serious challenges to the UNRWA humanitarian operations in the Syrian Arab Republic. UNRWA has reduced the number of planned cash assistance rounds from six to four, with the possibility of further reductions unless funding is received. Core services are similarly strained, with the surrounding conflict introducing substantial additional costs, particularly in relation to health care and education for Palestine refugees. Without increased contributions, there is a high risk of significantly increased deprivation and humanitarian need among this acutely vulnerable population.

23. The Agency also provided an update to the Working Group on the situation and financial challenges that it is facing in Lebanon. The fierce conflict from May to September 2007 in the vicinity of the Nahr el-Bared refugee camp in northern Lebanon resulted in the destruction of the entire camp, leaving 27,000 people displaced and homeless. Severe damage was also caused to adjacent areas. The task of rebuilding the camp and assisting the 27,000 displaced refugees was one of the largest ever undertaken by the United Nations. Most of the displaced continue to

live in temporary accommodation. Most are renting their own accommodation, supported by UNRWA rental subsidies. While donors have responded relatively generously to the appeals launched to date by UNRWA to support those displaced, by the end of 10 September 2014, the shortfall of funding for the 2014 Nahr el-Bared Camp Relief Appeal was \$6 million (of the total \$8.7 million). UNRWA is committed to providing relief support to the displaced families until full reconstruction is completed, provided funding is made available by donors. Because of the continued shortfall in funding, UNRWA is engaging with the community and leadership of the local Palestinian political factions to agree on ways to reduce service costs.

24. The total amount needed for the reconstruction of the camp is \$345 million. As at September 2014, including funds received through the multi-donor trust fund administered by the World Bank, firm pledges totalled \$188 million. The reconstruction project is divided into eight phases or "packages". While the amount contributed to date is sufficient to cover the construction of residential and commercial units and related infrastructure outlined in packages 1, 2, 3 and most of package 4, in addition to five of six school buildings and a health centre within the UNRWA compound, the balance of \$157 million needs to be raised to complete all eight packages (45 per cent of the total amount required). As at 10 September 2014, 1,551 families received the keys to their reconstructed homes in packages 1, 2 and 3 and 450 shop owners were able to return to their stores, while a total of 2,527 families are expected, on the basis of currently available funding for reconstruction, to return to their homes in the camp by the end of 2015. The Working Group encourages UNRWA to continue with its comprehensive camp improvement initiative, which is intended to upgrade living conditions in the other 11 Palestine refugee camps in Lebanon, a project fully supported by the Government.

25. In December 2010, a socioeconomic survey of Palestine refugees in Lebanon conducted by UNRWA in partnership with the American University of Beirut revealed that two thirds of Palestine refugees in Lebanon were poor and 7 per cent were extremely poor. While the Working Group welcomes the amendments to the labour and social code already agreed on by the Parliament of Lebanon in 2010, it urges the Lebanese authorities to fully implement those amendments by issuing the decrees necessary to facilitate the work permit formalities and access of Palestinian workers to the Lebanese labour market, pending a just and durable solution to the plight of Palestine refugees.

26. In common with other neighbouring countries, Lebanon has experienced a growing influx of refugees from the Syrian Arab Republic since the summer of 2012. The number of Palestine refugees from the Syrian Arab Republic in Lebanon rose from a handful in July 2012 to approximately 42,000 in September 2014. The influx continues to put enormous strain on UNRWA operations and poses a major challenge for the Agency, given that it is already struggling to maintain services for Palestine refugees in Lebanon. Palestine refugees from the Syrian Arab Republic fall under the mandate of UNRWA and have no access to public health, education or relief services. UNRWA provides the same services to refugees from the Syrian Arab Republic as those received by Palestine refugees established in Lebanon. In addition, they receive food and cash assistance for housing. The most recent appeal, launched jointly with the Office of the United Nations High Commissioner for Refugees for the period January-December 2014, asked for \$90.4 million for UNRWA Lebanon, with the planning assumption that 55,000 Palestine refugees

from the Syrian Arab Republic would be in Lebanon by the end of 2014. As at 10 September 2014, the pledges made for Palestine refugees from the Syrian Arab Republic in Lebanon totalled \$21.1 million.

IV. Concluding remarks

27. The Working Group reiterates its belief that UNRWA continues to play a vital role in providing assistance to Palestine refugees and in contributing to the stability and security of the region. To assist in meeting this strategic goal, adequate multinational funding of the Agency's programmes, in accordance with the changing needs of the refugee community and in line with the comparable level of services provided by host authorities to their own citizens and with due consideration for developments affecting security, socioeconomic and humanitarian conditions is essential. In this regard, the Working Group welcomes the Agency efforts to build on the programmatic and management reforms and to pursue a comprehensive resource mobilization strategy.

28. The Working Group notes with grave concern the large funding gap anticipated for the UNRWA General Fund in 2014, and reiterates that it is above all the responsibility of the General Assembly and the international community to ensure that the Agency services are maintained at an acceptable level, in quantitative and qualitative terms, and that funding keeps pace with the changing needs and growth of the refugee population.

29. The Working Group encourages the Assembly to keep the programme budget for the biennium 2014-2015 under review so as to ensure that the Agency's ability to deliver vital services to the Palestine refugees will not be impaired. In this regard, the Working Group calls upon the Assembly to continue supporting the strengthening of UNRWA. The Working Group reiterates its serious concern that, if adequate resources are not provided to the Agency, not only will achievements from the comprehensive reforms of the Agency's work be put at risk, but the capacity of UNRWA to fully implement its mandate will also be in jeopardy.

30. The Working Group recognizes the Agency efforts to improve its efficiency and urges the Agency to continue its management reform process in order to enhance its ability to efficiently use resources and implement change for more effective delivery of services to its beneficiaries. As recommended by the Advisory Commission at its meeting, on 16 June 2013, the Working Group commends UNRWA for the steps to monitor and evaluate these reforms against value for money indicators, which will help to show that UNRWA is delivering services as effectively and efficiently as possible. The Working Group also encourages UNRWA to continue to implement its resource mobilization plan for greater financial sustainability. The Agency commitment to implementing its resource mobilization plan and achieving efficiencies is key to addressing its financial issues, along with the commitment of donors to maintaining their share of the burden.

31. In view of the difficult humanitarian conditions in the occupied Palestinian territory, the Working Group recognizes the essential humanitarian role played by the Agency's emergency operations in alleviating the hardship of the refugees and in mitigating further decline in their living conditions, in particular in times of increased instability and crisis. It urges all potential donors, traditional and

non-traditional, to redouble their efforts to fully respond to the Agency's emergency appeal for 2014 and to the Gaza flash appeal.

32. The Working Group reiterates its concern about the continued tight restrictions on the movement of UNRWA staff and humanitarian goods into and out of the occupied Palestinian territory, between Gaza and the West Bank and within the West Bank. It calls upon the Government of Israel to accord the Agency free and unfettered access and underlines the need to further simplify the approval process by which the Agency transports humanitarian materials into Gaza. The Working Group supports the further opening of Gaza crossings to allow the unimpeded flow of humanitarian aid, commercial goods and persons to and from Gaza, consistent with Security Council resolution 1860 (2009).

33. The Working Group commends the Commissioner-General and all UNRWA staff for their tireless efforts to maintain the regular and emergency services of the Agency under very difficult operational circumstances. In particular, it commends the Commissioner-General for the Agency's fundraising efforts, and his commitment to building relations with donors, traditional and non-traditional, to obtain the funding UNRWA needs, and to developing a relationship of trust and transparency with host authorities and donors. The Working Group is gratified by the increased General Fund contributions of a growing number of non-traditional donors. The Advisory Commission, in the recommendations of its meeting in November 2013, urged UNRWA to sustain efforts regarding resource mobilization and increase actions to establish partnerships with other stakeholders. It also encouraged UNRWA to continue and increase efforts to expand the donor base and raise new resources, in particular in follow up to the 2013 September meeting in New York with supporters of UNRWA, including the League of Arab States.

34. The Working Group calls for the early and complete fulfilment of outstanding donor pledges to UNRWA. It also takes note of the importance for the Agency's planning purposes of early payment of pledges, coupled, where possible, with multi-year funding commitments.

35. The Working Group continues to welcome the Agency's financial reforms and increased transparency, which have placed UNRWA at the forefront of the United Nations agencies implementing change. UNRWA is one of the few agencies that has introduced a rigorous closure of monthly accounts, a step forward acknowledged by the Board of Auditors. The Working Group also commends the Agency for the implementation of the International Public Sector Accounting Standards and takes note that the Agency's reports became compliant with those standards as from 1 January 2012.

36. The Working Group notes with concern the lack of funding for the Agency projects, which constitute the third portal through which the Agency receives funding (along with the General Fund and emergency appeals). It encourages all Governments to increase their funding to all portals. In particular, the Working Group is alarmed by the inadequate funding of the reconstruction of the Nahr el-Bared camp in Lebanon, the Agency's largest project. The Working Group calls upon all donors, including countries in the Middle East, to lend their full support to reconstruction and relief operations until the camp is rebuilt, given that failure to do so risks having serious consequences for the security of refugees and the stability of Lebanon and of the region.

37. The Working Group also thanks UNRWA staff in the Syrian Arab Republic for their efforts to maintain service delivery and UNRWA operations, despite being affected by the conflict and taking on great personal risks. The Working Group expresses serious concern about the situation of Palestine refugees in the Syrian Arab Republic. It condemns all forms of violence against this vulnerable community, and encourages the international community to fund, to the greatest extent possible, the requirements stated in the Agency's response plans to support the Palestine refugees inside and outside the Syrian Arab Republic. It calls for sustained, regular and continuous provision of humanitarian supplies, notably food and medicines to besieged and hard-to-reach areas, notably Yarmouk. It also encourages all parties to the conflict to preserve the neutrality of the Palestine refugee community in the Syrian Arab Republic.

38. The Working Group reiterates that the humanitarian problems faced by the Palestine refugees today must be addressed as a shared international responsibility pending a just, final and comprehensive settlement of the Israeli-Palestinian conflict in accordance with international legality, including relevant United Nations resolutions. The services provided by UNRWA provide the minimum support necessary for the refugees to lead healthy and productive lives until there is a just and durable solution to their plight. Any reduction in the services could have a destabilizing effect on the entire region. The Working Group expresses the hope that the international support for UNRWA embodied in the resolutions adopted each year by the General Assembly, in which the Assembly recognizes the importance of the work of the Agency, will be translated into increased financial support to ensure the continuation of the work of the Agency on a sound financial basis.

39. The Working Group strongly urges all Governments to bear in mind the foregoing considerations when deciding upon the level of their contributions to UNRWA for 2014 and 2015. The Working Group once again:

(a) Urges those Governments that have not yet contributed to UNRWA, in particular to its General Fund, to do so on a regular basis;

(b) Urges Governments that have made only relatively small contributions or contributions that have not kept pace with increased needs to raise the level of their support;

(c) Urges Governments that in the past have made generous contributions to the UNRWA General Fund and emergency budget to continue to do so in a timely manner and to strive to increase them;

(d) Urges Governments that in the past have made generous contributions to the UNRWA General Fund and emergency budget and have recently reduced or ceased their contributions, to resume their support to the Agency;

(e) Urges Governments that traditionally have shown special interest in the welfare of the Palestine refugees, both in the region and beyond, to contribute to UNRWA or to increase their existing contributions, in particular to the UNRWA General Fund;

(f) Urges Governments that are members of the League of Arab States to fulfil their engagement to achieve and sustain the 7.8 per cent target of contributions to the core budget of UNRWA;

(g) Urges Governments to fully fund the UNRWA General Fund for the biennium 2014-2015, to ensure that the real value of contributions to the Agency is maintained and that donor support for emergency-related and special projects in no way decreases contributions to the General Fund;

(h) Urges donor Governments, where possible, to put in place increased multi-year funding to allow UNRWA to better plan its activities;

(i) Encourages all Member States to consider the report of the Secretary-General (A/65/705) and all resolutions relating to the financing of UNRWA;

(j) Highlights the need to identify potential sources of funding to meet the severance payment obligations of UNRWA.